



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

August 15, 2002

MEMORANDUM FOR COMMISSIONER ROSSOTTI

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Office of Audit Comments on Management's Response to our Report titled Progress Has Been Made in Establishing a Secure Modernization Infrastructure; However, Continuing Risks Could Impact Timely Deployment of Modernization Projects (Audit # 200220020)

The subject draft report was issued on May 13, 2002. Since we did not receive the Internal Revenue Service's (IRS) comments within 30 calendar days of the draft report issuance, we released the final report on June 24, 2002. In a memorandum dated July 29, 2002, the Deputy Commissioner for Modernization and Chief Information Officer provided the IRS' response to the report. The Deputy Commissioner for Modernization and Chief Information Officer generally agreed with the contents of our report, but disagreed with a couple of our conclusions. We would like to take this opportunity to provide our feedback on the disagreed sections of the report.

The Project Team Has Encountered Delays in Completing Development

The Deputy Commissioner for Modernization and Chief Information Officer disagreed with our comments concerning delays in completing the Security and Technology Infrastructure Release (STIR) project. He stated that the one-month delay in the STIR design completion as a result of requiring Enterprise Architecture (EA) compliance for an outsourced solution did not affect fiscal year 2002 projects, Internet Refund Fact of Filing (IRFoF)¹ or e-Services².

To clarify, our report did not state that the delay in completion of STIR design had a corresponding delay in these projects. Our intent in mentioning these projects in this section was to explain that these 2002 projects would utilize this outsourced solution. The delays associated with making the solution compliant

¹ The IRFOF project provides taxpayers the ability to access refund and certain tax filing information via the Internet.

² The e-Services project will provide the means for tax practitioners and other authorized parties to conduct business with the IRS via the Internet.

as described in this report section were delays in completion of STIR design and development.

Additionally, the Deputy Commissioner for Modernization and Chief Information Officer's response indicates that we do not specify what the risks might be to timely deployment of 2002 projects, even though we mention that risks still exist. The remainder of the report describes the risks that we saw to deployment of the 2002 projects, and describes these risks in detail. The risks we saw and included in the report are as follows:

- Project schedules are aggressive.
- The allocated staffing levels are inadequate to support implementation of the modernized infrastructure.
- The change control process needs improvement.
- Project risks were not timely identified and addressed.

Risks Exist That Could Result in Further Delays for the 2002 Modernization Projects

The change control process needs improvement

The Deputy Commissioner for Modernization and Chief Information Officer's response indicates disagreement with the report statement, "In the past, weaknesses in the process to control project design changes have resulted in delays in approval of changes requested. . . ." It indicates that the fact that the STIR design is baselined is the reason change requests must be made.

To clarify, our report describes that in the past, it took nearly a year to complete changes described in some of the requests and to obtain executive approval of these changes. Although there may have been some improvements in the change control process, we identified that change requests were still taking months to approve, and that the most critical requests had not yet been approved. Also, impact assessments were not completed for two-thirds of the change requests.

Projects risks were not timely identified and addressed

The Deputy Commissioner for Modernization and Chief Information Officer's response indicates that risks related to dependencies between infrastructure projects should not be documented as risks, because they are documented in both projects' schedules as cross-project dependencies and managed in that forum.

We are familiar with the master schedule, and the process used to manage these dependencies. However, the process used to identify dependencies between the modernized infrastructure and the projects it supports is not mature. As a result, a critical risk exists that delays could occur in recording and managing dependencies in project schedules. We continue to believe this risk should be documented and addressed accordingly until the process matures.

Please contact me at (202) 622-6510 if you have questions or Scott E. Wilson, Assistant Inspector General for Audit (Information Systems Programs) at (202) 622-8510.